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INFORMATION REPORT

CD NO.

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COUNTRY	Ethiopia	DATE DISTR.	20 JUNE 1949
SUBJECT	New Cotton Manufacturing Concession Offer to Emil Buehrle by Ethiopian Government	NO. OF PAGES	
PLACE ACQUIRED	25X1X [redacted]	NO. OF ENCLS. (LISTED BELOW)	
DATE OF INFO.	[redacted]	SUPPLEMENT TO REPORT NO.	25X1A [redacted]

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This document is hereby regraded to CONFIDENTIAL in accordance with the letter of 16 October 1978 from the Director of Central Intelligence to the Archivist of the United States.
Next Review Date: 2008

[redacted]

THIS IS UNEVALUATED INFORMATION

25X1X

SOURCE [redacted]

25X1X 1. [redacted] the Ethiopian Government has made a second offer to Emil Buehrle with regard to a cotton manufacturing and growing concession in Ethiopia. Since Buehrle had returned to Switzerland following his rejection of the first option, the second offer was taken to Switzerland by David Halle on 20 April 1949.*

2. The terms of the second offer were as follows:

a. Buehrle is to construct a cotton weaving and spinning plant in Addis Ababa with an annual production capacity of 750,000 kilograms of yarn. Of this amount, 100,000 kilograms must be sold as yarn and the remainder may be woven into fabrics such as are in most common use in Ethiopia. This is estimated as the equivalent of 5,000,000 yards of gray sheeting (aboujedid).

b. The factory must be completed within two years from the date of signature of the contract and reach capacity operation within the sixth year.

c. During the first five-year period no new cotton manufacturing enterprises will be allowed to come into Ethiopia. The existing cotton factory owned by the Sabean Corporation at Diredaua will, however, be allowed to quadruple its capacity during the period that its present agreement is in effect.

d. If, during the first five-year period Buehrle elects to double the original capacity of the factory, protection against new competition will be extended for a second five-year period. During the second five-year period, original capacity may be tripled, with an additional five years protection, but in no case will this monopoly clause be extended beyond fifteen years.

e. All machinery and equipment will be allowed duty-free entry for the first six-year period and, thereafter, machinery and equipment for expansion of capacity will be allowed entry duty-free.

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e. All machinery and equipment will be allowed duty-free entry for the first six-year period and, thereafter, machinery and equipment for expansion of capacity will be allowed entry duty-free.

f. Raw cotton used in the factory may be imported duty-free for the first five years. After that, if it can be proved that cotton can be produced economically in Ethiopia, locally-grown cotton must be used.

g. Assets may be amortized as follows:

Vehicles	-	3 years.
Machinery	-	5 years.
Buildings	-	10 years.

h. The business shall be free from all income taxes for seven years from the date of signature of the contract. After this period income taxes on profits will be determined annually as the percentage of the capital investment which the profits represent.

i. Buehrle will immediately grant the Ethiopian Government $E 200,000 to be used for cotton growing research. On the date on which income taxes begin, 5 per cent of net profit will be paid to the [redacted] yarns are the equivalent of 30 million yards of gray sheeting; about 15 million yards of these are in gray sheeting. The Sabean Diredaua factory can produce 10 per cent of the country's total textile needs at present and, if its capacity is quadrupled, will be able to produce 80 per cent of the gray sheeting needs. Informant also states that, if Buehrle's proposed original capacity for his mill is tripled, the mill will be able to produce more than half the total textile needs of the country and, with the Sabean factory, can supply its entire need. Both Sabean and Buehrle are interested in the manufacture of gray sheeting, but, since they can glut this market, one or both will be required to manufacture the less profitable khaki and drills.

25X1X 4. [redacted] there is little likelihood that Buehrle will sign this contract, mainly because of the condition permitting Sabean to quadruple its capacity, but also because he seemed to have lost much of his enthusiasm for investing in Ethiopia after his recent visit to that country.**

25X1A * [redacted]

25X1X ** [redacted] Comment. Emperor Haile Selassie is very anxious to develop cotton growing and manufacturing in Ethiopia, and gave orders to prepare an agreement acceptable to Buehrle. This was sabotaged by Lij Ylma Deressa, Vice Minister of Finance, and by others in the Government who have financial interest in the Sabean Corporation. The Egyptian interest in Sabean sent technical and business representatives to direct the campaign.

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[redacted]